

SUGGESTED TITLE

**CIGARETTES IN MISSISSIPPI
SHALL BE TAXED ADDITIONALLY
AT 50 PERCENT OF THE NATIONAL CIGARETTE TAX AVERAGE
AND EARMARKED FOR MEDICAID.**

Serial No. 25

BODY

We, W.O. Lockett, Jr., aka Bill Lockett and/or Rory C. Reardon, propose creating a Mississippi Medicaid Cigarette Tax, to provide funding assistance for Medicaid in Mississippi. The Mississippi Medicaid Cigarette Tax would be levied, per pack, at 50 percent of the National Cigarette State-Tax Average Rate and shall be added to, or in addition to, Mississippi's excise tax, general sales tax, and any other State, Federal, County, Municipal, and any other taxes on cigarettes.

The National Cigarette State-Tax Average Rate shall be computed by the Commissioner of Revenue on December 31st of each year. The National Cigarette State-Tax Average Rate is the sum of all rates of excise tax on cigarettes levied by the various States computed on a per pack basis divided by the number of States levying such taxes. The average so determined shall be divided by two and then rounded to the next highest whole number to arrive at the appropriate tax rate. The tax so determined shall be levied and collected by the Commissioner of Revenue beginning on July 1st of each successive year.

Any Funds generated by this Medicaid Cigarette Tax shall be collected by the Commissioner of Revenue and divided and distributed under the following guidelines.

- A) 2 % of the funds shall be retained by the Commissioner of Revenue and used for administrative and compliance purposes.
- B) 98 % of the funds shall be distributed to the Office of the Governor, Division of Medicaid, for further distribution as follows:
 - i) 92 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, to healthcare providers licensed by the Mississippi State Board of Health.

ii) 3 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, to guard and combat any Medicaid fraud and/or abuse.

iii) 1 % of the funds shall be directed to the Office of the Governor, Division of Medicaid, for distribution, exclusively, for tobacco cessation programs.

iv) 2 % of the funds shall be used by the Office of the Governor, Division of Medicaid, for administrative or other purposes as necessary.

Pursuant to Article 15 Section 273 (4) of the Mississippi Constitution, there is no amount of current revenue required to implement the initiative; this initiative would be self-funding.

Specific details and other provisions necessary to implement and maintain the additional tax on cigarettes, known as the Mississippi Medicaid Cigarette Tax, and the intention of this law, shall be provided by the Legislature.

STATE OF MISSISSIPPI



JIM HOOD
ATTORNEY GENERAL

OPINIONS
DIVISION

CERTIFICATE OF REVIEW


IN THE MATTER OF PROPOSED INITIATIVE TO AMEND THE MISSISSIPPI
CONSTITUTION OF 1890 RELATING TO INCREASING THE TAX ON CIGARETTES

PETITIONERS: W. O. Lockett, Jr. and/or Rory C. Reardon

I hereby certify that the petitioner's proposal was received in this office on December 1, 2008; and that I have reviewed the proposal for form and style and that any recommendations thereon have been communicated to the petitioner in accordance with Section 23-17-5 of the Mississippi Code of 1972.

This Certificate of Review does not constitute an endorsement of the Constitutional, statutory, or substantive validity of the proposed initiative, and does not purport to validate the fiscal effect, if any, of the proposed amendment.

December 5, 2008



Reese Partridge, Statutory Advisor
Assistant Attorney General